



19011257

SION

SEC  
Mail Processing  
Section

AUG 29 2019

Washington DC  
413**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL
OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden hours per response: . . . . . 12.00

SEC FILE NUMBER
8-10048

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 07/1/2018 AND ENDING 06/30/2019  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: Doft & Co., Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

55 East 59<sup>th</sup> Street – 12<sup>th</sup> Floor

(No. and Street)

New York  
(City)New York  
(State)10022  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Robert Hamaoui212-421-5558

(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

EisnerAmper, LLP

(Name – if individual, state last, first, middle name)

750 Third Avenue - 16<sup>th</sup> Floor  
(Address)New York  
(City)New York  
(State)10017  
(Zip Code)**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

RMS

## OATH OR AFFIRMATION

I, Alan Doft, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Doft & Co., Inc., as of June 30, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Alan Doft  
Signature

President  
Title

Jonathan Doft  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

JONATHAN DOFT  
Notary Public, State of New York  
No. 02DO5050891  
Qualified in New York County  
Commission Expires 10/23/21

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and Board of Directors of  
Doft & Co., Inc.

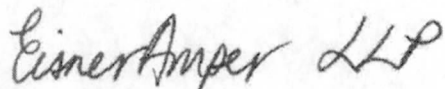
### *Opinion on the Financial Statement*

We have audited the accompanying statement of financial condition of Doft & Co., Inc. (the "Company") as of June 30, 2019 and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of June 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.



We have served as the Company's auditor since 1991.

EISNERAMPER LLP  
New York, New York  
August 26, 2019

**DOFT & CO., INC.**

**STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2019**

**Statement of Financial Condition**  
**June 30, 2019**

**ASSETS**

Securities owned, at fair value	\$ 45,387,266
Investment in investment company, at fair value	290,708
Cash and cash equivalents	14,081
Due from clearing broker	491,506
Prepaid taxes	12,444
Furniture, fixtures and leasehold improvements (net of accumulated depreciation and amortization of \$256,820)	1,156
Other assets	<u>135,154</u>

**\$ 46,332,315**

**LIABILITIES**

Accrued expenses and accounts payable	\$ 352,347
Current taxes payable	4,817
Deferred tax liability	<u>3,222,384</u>

**Total liabilities** **3,579,548**

Commitments and contingencies

**STOCKHOLDER'S EQUITY**

Preferred stock, \$1,000 par value; authorized, 1,000 shares; outstanding, 202 shares	202,000
Common stock, no par value; authorized, 1,000 shares; outstanding, 150 shares at stated value	141,170
Retained earnings	<u>42,409,597</u>

**Total stockholder's equity** **42,752,767**  
**\$ 46,332,315**

See notes to statement of financial condition

**DOFT & CO., INC.**

**Notes to Statement of Financial Condition  
June 30, 2019**

**Note A - Summary of Significant Accounting Policies**

Doft & Co., Inc. (the "Company") is registered as a broker-dealer and clears all of its customer transactions through a correspondent broker on a fully disclosed basis.

- [1] Security transactions, commissions and related expenses are recorded on a trade-date basis.
- [2] The Company carries its investments at fair value. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy that consists of three levels is used to prioritize inputs to fair value valuation techniques:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.

Level 3 - Unobservable inputs. Unobservable inputs reflect the assumptions that management develops based on available information about what market participants would use in valuing the asset or liability.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Management uses judgment in determining fair value of assets and liabilities, and Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets and liabilities.

Marketable securities owned, which are readily marketable, are valued at fair value on the last business day of the year at the last available reported national exchange price.

The Company's investment in an investment company is recorded at fair value. The fair value represents the Company's proportionate share of the investment company's net assets. If management determines, based on its due diligence and investment monitoring procedures, that the valuation, based on information provided by the investment company, does not represent fair value, then management estimates the fair value in good faith based upon available information.

- [3] The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, except for demand note accounts, which are considered securities owned, at fair value.
- [4] Furniture, fixtures and leasehold improvements are recorded at cost. Depreciation of furniture and fixtures is provided on the straight-line method based on the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line method over the shorter of their useful lives or the term of the lease.
- [5] Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Purchases and sales of investments and income and expenses that are denominated in foreign currencies are translated into United States dollar amounts at the prevailing rates of exchange on the transaction date.

**DOFT & CO., INC.**

**Notes to Statement of Financial Condition  
June 30, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

- [6] Effective July 1, 2018, the Company adopted ASC Topic 606, Revenue from Contracts with Customers. The new revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

The Company earns commissions by executing client transactions in stocks and other financial products. Commissions revenue is recognized on trade date when the performance obligation is satisfied. Commissions revenue is paid on settlement date which is generally two business days after trade date for equities securities.

The Company applied the modified retrospective method of adoption which resulted in no adjustment to retained earnings as of July 1, 2018. The new revenue recognition guidance does not apply to revenue associated with financial instruments, interest income and expense, leasing and insurance contracts.

- [7] Income taxes are accounted for under the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for net operating loss carrybacks. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled or recovered. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company applied the "more-likely-than-not" recognition threshold to all tax positions taken or expected to be taken in a tax return, which resulted in no unrecognized tax benefits as of June 30, 2019.

- [8] The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

**Note B –Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize leases on their balance sheets, and leaves lessor accounting largely unchanged. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early application is permitted for all entities. ASU 2016-02 requires a modified retrospective approach for all leases existing at, or entered into after the date of initial application, with an option to elect to use certain transaction relief. The Company is currently assessing the impact that the adoption of ASU 2016-02 will have on its financial statements.

**DOFT & CO., INC.**

**Notes to Statement of Financial Condition  
June 30, 2019**

**Note C – Fair Value of Financial Instruments and Financial Assets and Liabilities**

The following table presents the Company's assets by level within the fair value hierarchy at June 30, 2019:

	<b>Fair Value</b>	<b>Fair Value Hierarchy</b>
Securities owned:		
Common stocks:		
Consumer, non-cyclical	\$ 58,340	Level 1
Financial	2,077,752	Level 1
Technology	3,840,631	Level 1
Pharmaceutical	<u>21,908,765</u>	Level 1
 Total common stock	27,885,488	(1)
Demand note accounts	<u>17,501,778</u>	Level 2
	<u>\$ 45,387,266</u>	

(1) One security, Illumina, Inc., represents approximately 60% of fair value of securities owned.



**DOFT & CO., INC.****Notes to Statement of Financial Condition  
June 30, 2019****Note C – Fair Value of Financial Instruments and Financial Assets and Liabilities (CONTINUED)**

The following table presents the carrying values and estimated fair values at June 30, 2019, of financial assets and liabilities, excluding financial instruments that are carried at fair value on a recurring basis, and information is provided on their classification within the fair value hierarchy:

	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 14,081	\$ 14,081	\$ -	\$ -	\$ 14,081
Due from Clearing Broker	491,506		491,506		491,506
Other assets - deposit	124,428	-	124,428	-	124,428
<b>Total Assets</b>	<u>\$ 630,015</u>	<u>\$ 14,081</u>	<u>\$ 615,934</u>	<u>\$-</u>	<u>\$ 630,015</u>
<b>Liabilities:</b>					
Accrued expenses and accounts payable	\$ 352,347	\$ -	\$ 352,347	\$ -	\$ 352,347
<b>Total Liabilities</b>	<u>\$ 352,347</u>	<u>\$ -</u>	<u>\$ 352,347</u>	<u>\$ -</u>	<u>\$ 352,347</u>

**Note D - Stockholder's Equity**

The Company's preferred stock has preference in liquidation in the amount of \$1,000 a share and may be redeemable at the option of the Company at any time, subject to the approval of regulatory authorities, at \$1,000 a share. Common stock and preferred stock have the same dividend rights, and dividends are paid only if and when declared by the Board of Directors.

**Note E - Income Taxes**

At June 30, 2019, the Company has a deferred tax liability of \$3,222,384 principally relating to unrealized gains on securities transactions. The Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017. The Act reduces the U.S. corporate rate from 34% to 21% beginning in 2018.

**DOFT & CO., INC.**

**Notes to Statement of Financial Condition  
June 30, 2019**

**Note F - Commitments and Contingencies**

**[1] Lease:**

The Company leases office space pursuant to a seven-year and one-month lease agreement. The lease, which commenced on November 1, 2007, was amended in September 2014 to provide for an additional term of 5 years and 3 months, ending on November 30, 2019. The amended lease provided for free rent for the first three months. The Company is currently negotiating with the landlord to renew the lease. For financial statement purposes, rent expense is recognized based upon the total rental payments on a straight-line basis over the life of the lease.

Year ending June 30,

2020	<u>\$97,034</u>
------	-----------------

As of June 30, 2019, the Company provided an interest bearing security deposit in the amount of approximately \$19,000 pursuant to the terms of the lease.

**[2] Investment company:**

In December 2009, the Company purchased an investment company interest from a related party for \$208,171. Subsequent to the initial purchase, the Company contributed an additional \$1,353,095 into the investment company and received distributions totaling approximately \$905,518. The purpose of the investment company is to provide long-term capital appreciation through the acquisition of equity, debt, equity-related and debt-related interests, predominately in unquoted companies in Western Europe, and by making other selective equity and equity-related investments and debt and debt-related investments. The Company is restricted from withdrawal or transfer until termination of the investment company or at the discretion of the underlying general partner. The Company has an outstanding commitment to the investment company in the amount of \$13,898.

**[3] Financial Instruments with off-balance-sheet risk and concentration of credit risk:**

As a non-clearing broker, the Company has its securities and customers' transactions cleared through another broker-dealer pursuant to a clearing agreement. The Company's securities positions are held with the clearing broker. Recognizing the concentration of credit risk that this implies, the Company utilizes a clearing broker that is a member of major securities exchanges. Although the Company clears its customer transactions through its clearing broker, nonperformance by its customers in fulfilling their contractual obligations pursuant to securities transactions may expose the Company to risk and potential loss.

The net asset value of an investment company does not take into account the effect of factors such as an investment company's lock-up and withdrawal policies, management, incentive and other fee structures, liquidity and current fair value of side-pocket investments, unfunded obligations and capital commitments. An investment company's funding may be subject to various conditions and/or approval rights. Under certain circumstances, withdrawals from an investment company may be limited or suspended (in whole or in part) as deemed necessary by the company's investment managers. Substantial requests for withdrawals from an investment company could cause the investment company to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of the investment company. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in an investment company's net assets could make it more difficult for an investment company to diversify its holdings and achieve its investment objectives.

**DOFT & CO., INC.**

**Notes to Statement of Financial Condition  
June 30, 2019**

**[3] Financial instruments with off-balance-sheet risk and concentration of credit risk (continued):**

Short selling, or the sale of securities not owned by the Company, exposes the Company to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and, in the case of equities, without effective limit. There is the risk that the securities borrowed by the Company in connection with a short sale would need to be returned to the securities' lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Company might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments due to market fluctuation.

Liquidity risk is the risk that the Company will not be able to raise funds to fulfill its commitments, including inability to sell investments quickly or at close to fair value.

Currency risk is the risk that the fair value of an investment will fluctuate because of changes in foreign exchange rates. Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

**Note G - Related Party Transactions**

During the year ended June 30, 2019, the Company acted as an introducing broker for various related parties. Additionally, during the year ended June 30, 2019, the Company paid director fees to individuals related to the principal shareholder.

**Note H - Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (Rule 15c-3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2019, the Company had a ratio of aggregate indebtedness to net capital of .02 to 1, and its net capital was \$17,984,207, compared to the minimum requirement of \$100,000.

**Note I - Exemption from Rule 15c3-3**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 pursuant to the exemption provision under subparagraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for Exclusive Benefit of Customers.